



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

JAN 30 2009

OFFICE OF
AIR AND RADIATION

The Honorable Don Young
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman Young:

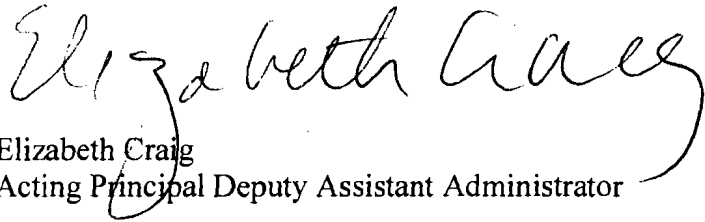
Thank you for your letters dated January 5, 2009 and January 15, 2009, and for your discussion with former Administrator Johnson on January 13, 2009, supporting the request submitted by Petro Star, Inc. (Petro Star) to the U.S. Environmental Protection Agency (EPA) for a waiver of its small refiner volume cap for heating oil and nonroad, locomotive and marine (NRLM) diesel fuel under the Diesel Sulfur Program (40 CFR Part 80, Subpart I). This important program is designed to significantly reduce emissions of particulate matter, nitrogen oxides, and sulfur oxides from diesel engines. Diesel fuel sulfur reductions of more than 99 percent from existing levels will provide significant health benefits as well as facilitate the introduction of high-efficiency catalytic exhaust emission control devices as these devices are damaged by sulfur.

Our Diesel Sulfur Program includes provisions in 40 CFR 80.561 allowing refiners to seek temporary relief from the requirements in Subpart I, in appropriate extreme, unusual, and unforeseen circumstances (for example, natural disaster or refinery fire) which are clearly outside the control of the refiner and which could not have been avoided by the exercise of prudence, diligence, and due care. EPA may permit a refiner or importer, for a brief period, to distribute motor vehicle diesel fuel or NRLM diesel fuel which does not meet the requirements of this subpart if it is in the public interest to do so (e.g., distribution of the nonconforming diesel fuel is necessary to meet projected shortfalls which cannot otherwise be compensated for).

On December 30, 2008, Petro Star submitted a request to EPA for relief from the small refiner volume cap at their North Pole refinery. EPA has carefully considered all of the information in this request for hardship relief, along with additional information provided by Petro Star. EPA has also contacted other fuel suppliers that also serve the same areas served by Petrostar to determine their capability to supply additional fuel, a standard step in EPA's evaluation of any hardship relief request. After careful consideration, we will not be granting hardship relief at this time, due to the ability of other refiners to supply additional fuel in quantities that are sufficient to compensate for the loss of production capacity as a result of the fire at Petro Star's Valdez refinery. However, we will continue to monitor the supply of distillate fuel in Alaska in order to determine whether hardship relief or other Agency action may be necessary in the future to maintain adequate supply. We have been in contact with Petro Star since the date of their request, and have requested that they provide us with any new or additional information regarding changes in Alaska's fuel supply, as well as any updates they can provide on repairs to the Valdez refinery. EPA will act promptly if we determine that a supply shortage is imminent.

Again, thank you for your letter. If you have further questions, please contact me or your staff may call Diann Frantz, in EPA's Office of Congressional and Intergovernmental Relations, at 202-564-3668.

Sincerely,

A handwritten signature in cursive script that reads "Elizabeth Craig". The signature is fluid and extends to the right, with a long horizontal stroke at the end.

Elizabeth Craig
Acting Principal Deputy Assistant Administrator
